



31 JUL 1965

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Honorable Hubert H. Humphrey
President of the Senate
Washington, D. C. 20510

Dear Mr. Humphrey:

This letter transmits for the consideration of the Congress a proposed amendment to the National Security Act of 1947, as amended (50 U.S.C. 405). The proposed amendment repeals the \$50 per day compensation ceiling on consultant services imposed by Section 303 of that Act and authorizes the payment of consultant compensation which is competitive with that paid by other Executive agencies.

At the time of its passage, the new offices and agencies created by the National Security Act of 1947 did not have organic legislation to rely upon for the appointment of advisory committees and the employment of part-time advisory personnel. Section 303 was incorporated in the Act to fill this void until such legislation had been enacted.

Organic legislation for the Central Intelligence Agency was enacted in 1949 (50 U.S.C. 403(a)). The CIA Act of 1949 effectively provided the Director of Central Intelligence with all necessary appointment and compensation authority with respect to his office and the Central Intelligence Agency. Nevertheless, the earlier specific language of the National Security Act of 1947 on consultant compensation effectively limits the Director's authority to establish compensation for consultant services. As a result, while the Director may not pay more than \$50 per day, other Executive agencies may pay up to \$83.04 per day; and many others, including the Atomic Energy Commission, the Federal Aviation Agency, and the National Aeronautics and Space Administration, may pay as high as \$100 per day or more. The disparity between what the Director of Central Intelligence can pay and the reasonable market value of outstanding consultants who are in high demand is clearly a handicap to this Agency.

With the repeal of the compensation ceiling in Section 303, the Director could pay consultants fees under the CIA Act of 1949, as amended, which are competitive with those paid by other Executive agencies.

We consider enactment of the proposed amendment essential to the effective performance of our mission and would appreciate early and favorable consideration. The Bureau of the Budget has advised that there is no objection to the presentation of the proposed amendment to the Congress from the standpoint of the Administration's program.

Sincerely,

(signed) W. F. Raborn

W. F. Raborn
Director

Enclosures 2

Distribution:

Orig & 1 - Addressee

1 - DCI

1 - DDCI

1 - ER

1 - Leg. Counsel subject

1 - Leg. Counsel chrono

65-4186

31 JUL 1965

Honorable John W. McCormack
Speaker
House of Representatives
Washington, D. C. 20515

Dear Mr. Speaker:

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(signed) W. F. Raborn

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Director

Enclosures 2

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89th CONGRESS
1st SESSION

IN THE HOUSE OF REPRESENTATIVES

A BILL

To amend the National Security Act to repeal the provisions dealing with the compensation of consultants and for other purposes.

1. Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That Section 303 of the National Security Act of 1947, as amended (50 U.S.C. 405), is further amended by striking out the last sentence of subsection (a) and inserting in place thereof the following new sentence: "Other members of such committees and other part-time advisory personnel so employed may serve without compensation or may receive compensation at rates authorized in an appropriation or other act."

JUSTIFICATION AND EXPLANATION

From time to time, the Central Intelligence Agency has found it necessary to appoint advisory committees and employ part-time advisory personnel to obtain the vital knowledge and experience of outstanding experts in a wide range of scientific, economic, and associated disciplines. While the contribution of consultants is essential to this Agency's functions, the competition with Government agencies and industry in a limited talent market is keen. At present, the restriction contained in Section 303(a) of the National Security Act of 1947, as amended, which limits the compensation of such consultants to \$50 per day prevents the Agency from paying these consultants at rates competitive with those of other Federal agencies or of private industry. This disparity has hampered the Agency's efforts to obtain readily the services of the highly qualified advisors which it needs and has forced the Agency to rely on their patriotism and dedication to serve the Agency at a financial sacrifice. Consequently, there is an urgent need for removal of the present

\$50 limitation to permit the Agency to compensate its consultants at rates more comparable to those payable by any other Federal agency.

Extent of Disparity

By statute, the Agency is limited to paying not more than \$50 per day for consultant services. In contrast, the Administrative Expense Act, which has general application in the Executive branch, authorizes consultant fees up to \$83.04 per day, the maximum rate for a GS-15. Moreover, a number of Federal agencies, including the Atomic Energy Commission, the Federal Aviation Agency, and the National Aeronautics and Space Administration, have been granted legislative authority to pay \$100 per day or more.

Section 303(a) of the National Security Act of 1947, as amended (50 U.S.C.A. 405), was primarily a grant of authority to permit the hiring of advisory personnel by the new offices and agencies created by that Act. In so doing, it set a \$35 per day limit on compensation. At that time, the daily maximum compensation payable under the Classification Act was a little more than \$38 per day. When the maximum compensation under the Classification Act was raised to a little less than \$54 per day in 1949, the consultant limitation in the National Security Act was raised to the present \$50 per day. Since 1949, the maximum compensation payable under the Classification Act has steadily risen to a little more than \$94 per day, at present, without any corresponding increase in Section 303(a).

Set forth below is a chronological comparison between:

- (a) the consultant pay limitations in Section 303(a),
- (b) the Classification Act rate most comparable to those set forth in Section 303(a) in 1947 and amended in 1949, and
- (c) consultant compensation payable by other Federal agencies under 5 U.S.C. 55(a), P.L. 79-600.

<u>Year</u>	<u>Section 303(a)</u>	<u>GS-18</u>	<u>GS-15</u>
1947	\$35	N. A.	\$40
1949	\$50	\$54	\$42
1951	\$50	\$57	\$45
1955	\$50	\$62	\$49
1958	\$50	\$67	\$54
1960	\$50	\$71	\$58
1962	\$50	\$77	\$69
1964 (Jan.)	\$50	\$77	\$74
1964 (July)	\$50	\$94	\$83

Note: Computation of GS daily rates are to the nearest dollar and were computed by dividing per annum compensation by the number of working days in a calendar year (260).

Effect of \$50 Limitation in CIA's Recruitment of Consultants

The Agency must be in a position to be able to command the services of the country's best brains. The Agency is in competition in a limited talent market, not only with other Government agencies authorized to pay consultant fees of \$100 per day, but with industry where the only dollar limitation is the amount required to obtain the services needed.

In view of the \$50 per day statutory limitation, the Agency has had to rely on the patriotism of its consultants to accept fees which are much lower than the compensation they receive in their regular employment or the consultant fees which they command elsewhere. However, we do not feel that we should be forced to rely upon their patriotism and dedication alone to obtain their urgently needed services.

Need for Relief from the Limitation on Consultant Fees

The disparity between what the Agency can pay and the reasonable market value of the services of these outstanding professionals is clearly a handicap to the Agency in obtaining the critically needed services of consultants.

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Approved For Release 2003/05/05 : CIA-RDP80B01676R000400150035-6

Executive Registry
65-41861

21 JUL 1965

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT: Agency Legislation - Consultant Pay

REFERENCE: Memorandum for DDCI, dated 9 June 1965
Subject: Agency Legislation

1. This memorandum contains a recommendation for the approval of the Deputy Director of Central Intelligence. Such recommendation is contained in paragraph 4.

2. The referenced memorandum indicated that certain of the Agency's statutory authorities are obsolete and unduly restrictive and singled out the \$50 per day limitation on consultant pay as being one of them. The Deputy Director of Central Intelligence approved the entering into of preliminary discussions on seeking legislative relief.

3. The necessary preliminary work has now been completed, and we are prepared to submit to the Bureau of the Budget our formal proposal to repeal the existing \$50 compensation ceiling and substitute language which would permit the Director of Central Intelligence to pay consultants fees which are competitive with those paid by other Federal agencies.

4. It is recommended that the Deputy Director sign the attached letters to the Speaker of the House and the President of the Senate.

s/ Lawrence R. Houston

LAWRENCE R. HOUSTON
General Counsel

Attachments

Distribution:

Orig - OGC/LC Subject

1 - DCI

1 - DDCI

1 - ER

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	COMMENT	FILE	RETURN
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Remarks: Letters have been retyped for Director's signature. Please return to Legislative Counsel for hand carry. <i>signed by DCI, 31 July 65</i>			
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FROM: NAME, ADDRESS AND PHONE NO.			DATE
OGC			7/27/65

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1	Executive Director DDCI 7E12	7/26 7/26	
2	<i>Sen. Counsel</i>		
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4			
5			
6	Legislative Counsel 6D0109		
	ACTION	DIRECT REPLY	PREPARE REPLY
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		26 JUL 1965	
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MEMORANDUM FOR: DEPUTY DIRECTOR
DIRECTOR

This is a legislative proposal to repeal the \$50 per day compensation ceiling for consultants which is imposed upon the Agency by the National Security Act of 1947. We simply are no longer competitive with other Federal agencies in the area of consultant pay. We have checked our position out with affected agencies and find no opposition to our proposal. Before the proposal is formally submitted to the Congress, I believe we should touch on it in our briefings before our Subcommittees.

LAWRENCE R. HOUSTON
General Counsel
(DATE)

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